



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEGGER, GOVERNOR

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January 26, 2009

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street, Mail Stop 25A
P.O. Box 4025
Sacramento, CA 95812-4025

Dear Mr. Leary:

Final Report—City of Malibu, CIWMB Grant Agreement 21369-01-33

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the City of Malibu's (City) Illegal Disposal Site and Landfill Cleanup Remediation Grant Agreement 21369-01-33 for the grant period December 1, 2001 through May 15, 2007.

The enclosed report is for your information and use. Because there were no audit findings or issues requiring a response, we are issuing the report as final. In accordance with Finance's policy of increased transparency, the final report will be placed on our website.

We appreciate the assistance and cooperation of the City's staff. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Zach Stacy, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Susan Villa, Branch Manager, Administration and Finance Division, California Integrated Waste Management Board
Mr. Mustafe Botan, Grant Manager, Closure and Financial Assurance Division, California Integrated Waste Management Board
Mr. Scott Walker, Branch Manager, Cleanup, Closure and Financial Assurance Division, California Integrated Waste Management Board
Mr. Wes Mindermann, Supervisor, Cleanup, Closure and Financial Assurance Division, California Integrated Waste Management Board
Mr. George Mendoza, Audit Manager, Audit and Evaluation Unit, California Integrated Waste Management Board
Mr. Robert Brager, Public Works Director, City of Malibu
Ms. Reva Feldman, Finance Director, City of Malibu

GRANT AUDIT

City of Malibu

Illegal Disposal Site
and Landfill Cleanup Remediation
Grant Agreement 21369-01-33

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE AUDIT TEAM

Kimberly A. Tarvin, CPA
Manager

Zach Stacy
Supervisor

Staff

Alice Yip

This report is also available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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(916) 322-2985

Background

In 1993 the Legislature enacted the Solid Waste Disposal and Codisposal Site Cleanup Act (Act) (Public Resources Code Sections 48020, Article 2.5) to cleanup solid waste disposal sites, codisposal sites, and anywhere else cleanup is needed to protect public health and safety or the environment. The Legislature authorized the California Integrated Waste Management Board (Board) to carry out the Act's program. To finance this program, the Act created the Solid Waste Disposal Site Cleanup Trust Fund (Fund 0386).

To carry out the objectives of the Act, the Board issues Solid Waste Disposal and Codisposal Site Cleanup (SWC) grants. These grants provide financial assistance to public entities in the form of reimbursements of up to \$500,000, to help accelerate the pace of cleanup and to restore sites.

The City of Malibu (City) was awarded \$500,000 by the Board in grant agreement 21369-01-33 to partially fund the Civic Center Stormwater Treatment Facility Project (Project). A majority of the Project was funded through a grant issued by the State Water Resources Control Board (SWRCB). As part of the terms and conditions for the SWRCB grant, the City was required to match funds. A portion of the match requirement was achieved through grant agreement 21369-01-33, for the period December 1, 2001 through May 15, 2007.

Scope

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations (Finance), conducted a compliance audit of the City's Illegal Disposal Site and Landfill Cleanup Remediation Grant Agreement 21369-01-33. The objective of the audit was to determine whether the City's grant expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the internal controls.

We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The City is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. We did not assess the efficiency or effectiveness of program operations. The Board is responsible for evaluating the efficiency and effectiveness of the program operations.

Methodology

To determine whether grant expenditures were in compliance with applicable laws, regulations and the grant requirements, we performed the following procedures:

- Visited the project site.
- Interviewed key personnel.
- Examined the grant files.
- Reviewed grantee's accounting records.
- Determined whether a sample of expenditures were allowable, grant related, incurred within the grant period, supported by accounting records, and properly recorded.

The results of our audit are based upon our review of documentation and other information made available to us. The audit was conducted from October 2008 through January 2009.

Results

Based on the audit procedures performed, the City of Malibu met the fiscal requirements for the grant agreement. A summary of the audit results is presented in the table below.

Grant Agreement 21369-01-33 For the Period December 1, 2001 through May 15, 2007				
Category	Awarded	Claimed	Audited	Questioned
Engineering, Construction Management and Inspection Services, and Construction	\$500,000	\$500,000	\$500,000	\$ 0
Total	\$500,000	\$500,000	\$500,000	\$ 0

This report is intended for the information and use of the City and the Board and is not intended to be and should not be used by anyone other than the specified parties. However, this restriction is not intended to limit the distribution of this report, which is a matter of public record.